



85.90

Interfund/Interagency Activities

85.90.10

July 1, 2001

Interfund/interagency activities

There are two major categories of interfund/interagency activities: reciprocal and nonreciprocal.

Reciprocal interfund/interagency activity is the internal counterpart to exchange and exchange-like transactions. It includes interfund loans (refer to Subsection 85.90.20), and interfund services provided and used (refer to Subsection 85.90.30).

Nonreciprocal interfund/interagency activity is nonexchange in nature. It includes interfund transfers (refer to Subsection 85.90.50), and reimbursements (refer to Subsection 85.90.60).

85.90.20

July 1, 2001

Interfund loans

Interfund loans are reciprocal in nature. They are amounts provided with a requirement for repayment within a reasonable time. Interfund loans are reported as interfund receivables (“due from”) in lending funds and interfund payables (“due to”) in borrowing funds. Loans due within one year should be classified as short-term and loans due beyond a year should be classified as long-term. (Refer to Subsection 85.54.30.)

85.90.30

July 1, 2001

Interfund services provided and used

Interfund services provided and used are also reciprocal in nature. They were previously termed “quasi-external transactions.” Interfund services provided and used are transactions within the state that are similar to, and consequently reported as though they had occurred with organizations external to the state. Interfund services provided and used are to be accounted for consistently by the accounts involved.

At the end of each fiscal period, any unpaid or unsettled amounts are reported as either interagency or interfund receivables and payables. (Refer to Subsection 85.95.40 for illustrative entries.)

To record interfund services provided and used, the paying agency records an expenditure/expense using an appropriate object of expenditure. The receiving agency records revenue using either Revenue Source Code 0420 "Charges for Services," 0450 "Sales of Goods and Supplies - Proprietary Funds," or another appropriate revenue source code. Interfund services provided and used are budgeted as well as accounted for in this manner.

The following are examples of interfund services provided and used:

- Internal service fund billings for goods or services, such as purchases from Central Stores and services provided by the Office of the Attorney General. (Refer to Subsection 85.90.40.)
- Routine employer contributions from operating accounts to a pension trust fund.
- Routine service charges for inspection, engineering, utilities, or similar services provided by one account/agency to another.

85.90.40

July 1, 2006

Payment procedures for selected central services agency charges

85.90.40.a

The following are selected central services agencies which require the use of unique object codes by the paying agency. A listing of services provided is as follows:

- **Office of the Secretary of State** - Archives, records storage, and microfilm services.
- **Office of the State Auditor** - Auditing services.
- **Office of the Attorney General** - Legal services.
- **Office of Financial Management** - Statewide Financial Systems, Small Agency Client Services, and Risk Management.
- **Office of Administrative Hearings** - Administrative hearings examiner services.
- **Department of Personnel** - Personnel services for classified employees.

- **Office of Minority and Women's Business Enterprises (OMWBE)** - Certification of minority business enterprises, socially and economically disadvantaged business enterprises, and women's business enterprises statewide.
- **Department of General Administration** - Office space, janitorial services, utilities, buildings and grounds maintenance, campus delivery and mail service, parking, motor pool, Central Stores, and procurement.
- **Department of Information Services** - Computer and telecommunication services.

85.90.40.b

The following object codes and payment schedules are to be used by the paying agency for transactions with selected central services agencies:

CENTRAL SERVICES AGENCY			PAYING AGENCY	
AGENCY NO. AND NAME	ACCOUNT	REVENUE SOURCE CODE	OBJECT CODE	BILLING/PAYMENT SCHEDULE
(085) Office of the Secretary of State <ul style="list-style-type: none">Archives and Records MgmtMicrofilm Services	006	0420	EW	July, October, January, and April. (Quarterly in advance.)
	006	0428	EW	Monthly actuals billed after month end.
(095) Office of the State Auditor	483	0420	ET	Monthly actual time and expenses billed after month end.
(100) Office of the Attorney General	405	0420	EM	Monthly estimates billed at beginning of month; monthly actuals billed by end of the following month.
(105) Office of Financial Management <ul style="list-style-type: none">Statewide Financial SystemsSmall Agency Client ServicesRisk Management AdministrationSelf Insurance Liability Premiums	419	0420	EL	Monthly actuals billed after month end.
	001	Expense Reimbursed	ER	Billed quarterly in advance.
	546	0420	EP	Annual invoice at beginning of fiscal year.
	547	0496	EP	Annual invoice at beginning of fiscal year.

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Accounting Procedures

85.90.40

CENTRAL SERVICES AGENCY			PAYING AGENCY	
AGENCY NO. AND NAME	ACCOUNT	REVENUE SOURCE CODE	OBJECT CODE	BILLING/PAYMENT SCHEDULE
(110) Office of Administrative Hearings	484	0420	EV	Some agencies are billed July, October, January, and April. (Quarterly estimates billed in advance, adjusted to actual the following quarter.) Other agencies are billed monthly.
(111) Department of Personnel	415	0420	EN	Annual basis, second quarter of each fiscal year. Adjusted to actuals in the following year's billing.
<ul style="list-style-type: none"> State agencies other than Higher Education 				
<ul style="list-style-type: none"> Higher Education agencies only 	455	0420	EN	July, October, January and April. (Quarterly billings in advance.)
(147) OMWBE	453	0420	EX	Annual basis, September.
(150) Dept. of General Administration				
<ul style="list-style-type: none"> Motor Pool 	422	0420	GN	Monthly actuals billed after month end.
<ul style="list-style-type: none"> Consolidated Mail Services 	422	0420	EK	Outgoing mail monthly actuals billed after month end; Incoming/Campus mail billed according to agencies' agreements.
<ul style="list-style-type: none"> Parking Services 	045	0402	EK	Prepaid, and billed monthly, quarterly and annually.
<ul style="list-style-type: none"> Property Management 	422	0402	EK	Rent billed monthly at month end.
<ul style="list-style-type: none"> Facilities & Services (Seat of Government) 	422	0420	EK	Quarterly billings in advance.
<ul style="list-style-type: none"> Capital Facilities (Maintenance) and Property Development 	422	0420	EK	Billed monthly following services performed.
<ul style="list-style-type: none"> Office of State Procurement (Purchasing administration fee - PAF) 	422	0420	EK	Varies by agency.
<ul style="list-style-type: none"> Central Stores 	422	0450	EA	Orders invoiced daily.

CENTRAL SERVICES AGENCY			PAYING AGENCY	
AGENCY NO. AND NAME	ACCOUNT	REVENUE SOURCE CODE	OBJECT CODE	BILLING/PAYMENT SCHEDULE
(150) Dept. of General Administration (cont'd)				
• Engineering & Architectural Services	057	N/A	JK	Varies by agency.
• Facilities Engineering Services	452	0420	EK	Invoiced upon completion of service.
• Federal and State Surplus	422	0420	JA/JC	Invoiced upon purchase.
(155) Dept. of Information Services				
• Computer Services	419	0420	EL	Monthly actuals billed after month end.
• Telecommunication Services	419	0420	EB	Monthly actuals billed after month end.

85.90.40.c Unless otherwise provided above, central service agencies are to present invoices for payment to receiving agencies within 15 calendar days after the end of each billing period. However, at fiscal year-end all bills (actuals and estimates) are to be invoiced by July 15.

85.90.40.d When problems arise with the collection of interagency receivables, the following steps are to be taken:

1. The interagency receivables/payables personnel are to contact each other to resolve the problems.
2. If (1) fails, the accounting chiefs are to contact each other to find a resolution.
3. If (2) fails, the agencies are to contact their assigned OFM Accounting Consultants.

85.90.50

July 1, 2006

Transfers

85.90.50.a Transfers are nonreciprocal in nature. Transfers of equity, formerly known as residual equity transfers, are non-recurring, non-routine transfers of equity between accounts. Two examples of equity transfers are contributions to or return of contributions from proprietary fund type accounts and transfer of residual equity balances from discontinued accounts.

Transfers of equity are generally infrequent. The key to identifying equity transfers is their non-recurring or non-routine nature. If transactions are recurring or routine, particularly if they involve a subsidy relationship, they are reported as operating transfers. (Refer to Subsection 85.90.50.b.)

Equity transfers are recorded in governmental fund type accounts using Revenue Source Codes 0678 "Equity Transfers In" or 0679 "Equity Transfers Out." (Refer to Subsection 85.95.20 for illustrative entries.) Equity transfers in proprietary fund type accounts are recorded to Revenue Source Code 0820 "Capital Contributions."

All equity transfers are to be in balance at the agency level, except for the following:

- Transfers to/from subsidiary accounts, and
- Transfers between state agencies.

85.90.50.b

Operating transfers include the following:

- Legally authorized transfers from an account receiving revenue to an account that will expend the resources,
- Transfers of general tax revenues or other dedicated revenues to a debt service fund type account,
- Transfers from the general fund to a special revenue or capital projects fund type account,
- Operating subsidy transfers from the general or a special revenue fund type account to an enterprise fund type account, and
- Transfers from an enterprise fund type account to finance general fund expenditures.

Operating transfers are recorded as expenditures using Object M or as revenues (refer to Subsection 85.95.30 for illustrative entries) using the following Revenue Source Codes:

0611 - Bond Transfers In
0612 - Bond Transfers Out
0621 - Operating Transfers In
0622 - Operating Transfers Out

0623 - Investment Administration Transfers (SIB only)
0626 - Non-cash Revenue Transfers - Compensation
0627 - Non-cash Revenue Transfers - Other
0631 - County Sales and Use Tax Equalization
0632 - Municipal Sales and Use Tax Equalization
0633 - Timber Tax
0635 - Air Pollution Control (Ride Share)
0636 - State Treasurer's Service Account
0641 - Stadium & Exhibition Account Transfer - Lottery revenues
0642 - Student Achievement Account Transfer - Lottery revenues
0643 - Education Construction Account Transfer - Lottery revenues
0644 - General Fund Transfer – Lottery revenues
0648 - Commute Trip Reduction Transfer
0649 - Unclaimed Property Transfer
0651 - Flood Control Transfer
0652 - Water Quality Transfer
0654 - County Criminal Justice Transfer
0655 - Municipal Criminal Justice Transfer
0656 - Emergency Reserve Account Transfer
0661 - High Capacity Transit Transfer
0666 - Fair Fund Transfer
0667 - Initiative 773 Transfers
0668 - Education Savings Account Transfer
0669 - Fire Insurance Premium Transfer
0670 - Natural Resource Deposit Account Transfer
0677 - Agency Incentive Savings Transfers In (OFM Only)
0678 - Equity Transfers In
0679 - Equity Transfers Out
0680 - Pension Benefit Reserves Transfers In (DRS Only)
0681 - Pension Benefit Reserves Transfers Out (DRS Only)
0683 - Retirement System Transfer
0684 - Transfer to Wildlife Account
0691 - Operating Transfers - Arbitrage
0692 - Operating Transfers - Arbitrage Reimbursements
0693 - Operating Transfers - Debt Service
0694 - Operating Transfers - Debt Service Reimbursements
0695 - Operating Transfers - Sales Taxes
0696 - Operating Transfers - Motor Fuel Taxes
0697 - Operating Transfers - Fiscal Agent
0698 - Operating Transfers - Property Taxes
0699 - Operating Transfers - Higher Education Fees

Operating transfers net to zero at the agency level.

85.90.50.c Special budgeted allocations generally give agencies additional spending authority, but no additional cash is provided for federal, private/local or dedicated operating accounts. Two examples of these budgeted, noncash allocations are the Salary and Insurance Contribution Increase Allocation and the Special Retirement Contribution Increase Allocation. An expenditure transfer is required for the General Fund – State account allocation. Two transfer transactions – one for the expenditure transfer and one for the revenue transfer – out of the operating account and into the allocation account are required for the federal, private/local and dedicated operating account allocations. (Refer to Subsection 85.95.35 for an illustrated entry.)

85.90.50.d In governmental funds, transfers are reported as other financing uses in the funds making the transfers and as other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported below nonoperating revenues and expenses.

In instances where transfers are appropriated as expenditures, GAAP and budgetary accounting treatments will differ. For budgetary reporting, appropriated operating transfers are considered "expenditures," while for GAAP reporting purposes, as noted above, they are considered other financing uses.

85.90.60

June 1, 2004

Reimbursements

Reimbursements are recorded when one agency and/or account initially charges an expenditure/expense that is subsequently charged to another. Generally, the reimbursement is recorded as an expenditure/expense in the reimbursing account and as a reduction of a corresponding expenditure/expense in the reimbursed account. Accounting for reimbursements in this manner results in the expenditure/expense being reported only once and in the proper account. Reimbursements are to be appropriately documented and approved.

Reimbursement reporting is to be used only in circumstances as described above. It is not to be used for interfund loans, interfund transfers, or other interfund activities. Additionally, payments received by proprietary funds for goods and services are normally recorded as revenue with appropriate revenue source codes rather than as reimbursements. Refer to Subsection 90.20.70.b item 8 for further information.

As described below, reimbursements are coded with Object S and Object T. The sub-object coding should reflect the object of expenditure being offset with the reimbursement, except subobject JA, noncapitalized furnishings, equipment and software. Noncapitalized furnishings, equipment and software are coded to subobjects SE and TE. Whereas Sub-objects SZ and TZ "Unidentified" are available for use, it is preferable that an agency allocates charges to the appropriate sub-object of expenditure within Objects S and T on a monthly basis.

Reimbursements are classified into two types:

85.90.60.a

Intra-agency reimbursements - Intra-agency reimbursements are used to charge for services or supplies provided by one account to another and to distribute administrative overhead charges. In accounting for intra-agency reimbursement transactions, the reimbursed account is to credit expenditures using Object T. The reimbursing account is to account for intra-agency materials supplied or services rendered as Object T and the appropriate sub-object.

Intra-agency reimbursements are to be used to record special budgeted allocations involving Accounts 239 "Tort Defense Service Revolving Account," 406 "Salary and Insurance Increase Revolving Account," 426 "Digital Government Revolving Account," and 427 "Special Account Retirement Contribution Increase Revolving Account." (Refer to Subsection 85.90.50.c.)

Agencies may request a waiver from complying with specific requirements of this section. The request is to be in writing and be approved in writing by OFM before the waiver takes effect. Waivers automatically expire at the end of the fiscal biennium for which they were granted and are to be re-approved in writing to remain in force.

85.90.60.a.(1)

Budgeted Accounts and Certain Higher Education Accounts

All budgeted accounts and the following accounts used by higher education agencies - Accounts 143, 145, 147, 148, 149, 443, and 505 which are included with budgeted accounts for purposes of this section - are to use Object T transfers to record intra-agency transfers between said accounts. Reimbursements to budgeted accounts for expenditures/expenses initially made from it which are properly applicable to another budgeted account are to be recorded as a credit to expenditures/expenses using Object T. The reimbursing account is to debit expenditures/expenses using Object T.

The total for Object T transfers in budgeted accounts is to equal zero except as noted below for GL Code 6525 transfers. When transfers of salaries are made with Sub-object TA, the FTEs are to remain with the original Object A expenditure. (Refer to Subsection 85.95.50.a and b for illustrative entries.)

For GAAP reporting purposes, payments to proprietary fund type accounts should be recorded as revenues with appropriate revenue source codes. However, as discussed above, intra-agency reimbursements to budgeted accounts are recorded as credits to expense using Object T. Therefore, an additional entry is necessary to adjust to proper GAAP accounting. The GAAP adjustment debits GL Code 6525 "Expense Adjustments/Eliminations (GAAP)," using Object T with the appropriate sub-object and credits GL Code 3225 "Revenue Adjustments/Eliminations (GAAP)" with the appropriate revenue source code. Only in the case of GL Code 6525 transfers is there no corresponding Object T offset. (Refer to Subsection 85.95.50.c for an illustrative entry.)

85.90.60.a.(2) **Non-budgeted Proprietary Accounts**

For non-budgeted proprietary accounts (excluding Accounts 443 and 505 which are subject to (1) above), reimbursements are not coded as credits to expenses using Object T. They are coded directly to revenue with appropriate revenue source codes. (Refer to Subsection 85.95.50.d for an illustrative entry.)

Intra-agency reimbursements are restricted to between budgeted accounts or between non-budgeted accounts. Object T transfers are not to be made between budgeted and non-budgeted accounts.

85.90.60.b **Interagency reimbursements** - All transactions between state agencies are to be properly accounted for as prescribed in Chapter 39.34 RCW.

The following procedures are to be followed in those instances where a **budgeted account** or **certain account used by higher education agencies** - Accounts 143, 145, 147, 148, 149, 443, and 505 which are included with budgeted accounts for purposes of this section - provides goods or services to another agency:

85.90.60.b.(1) In accounting for interagency reimbursement transactions, the reimbursed agency is to credit expenditures/expenses using Object S – Interagency Reimbursements. The reimbursing agency is to account for expenditures for interagency materials supplied or services rendered as though they were purchased from an outside vendor. (Refer to Subsection 85.95.60.a and b of this manual for illustrative entries.)

NOTE: In budgeted accounts, interagency reimbursements are not to be recorded as revenue or as recovery of current appropriation expenditures using Revenue Source Code 0902 “Recoveries of Current Appropriation Expenditures.” (Refer to Subsection 85.95.60.a and b for illustrative entries.)

85.90.60.b.(2) The amounts billed to other agencies and uncollected at the end of the month and work in process costs not billed at the end of the month are to be recorded as a credit to the appropriate GL Code Series 65XX “Expenditures/Expenses” with Object S and a debit to GL Code 1354 “Due from Other Agencies - Short-Term.”

85.90.60.b.(3) For GAAP reporting purposes, payments to proprietary accounts should be recorded as revenues with appropriate revenue source codes. However, as discussed above, interagency reimbursements to budgeted proprietary accounts are recorded as credits to expense (Object S). Therefore, an additional entry is necessary to adjust to proper GAAP accounting. The GAAP adjustment debits GL Code 6525 “Expense Adjustments/Eliminations (GAAP),” using Object S with the appropriate sub-object and credits GL Code 3225 “Revenue Adjustments/Eliminations (GAAP)” with the appropriate revenue source code. (Refer to Subsection 85.95.60.c for an illustrative entry.)

For **nonbudgeted** proprietary accounts (excluding Accounts 443 and 505 which are subject to the procedures outlined above), interagency reimbursements are not coded as credits to expenses (Object S). They are coded directly to revenue with appropriate revenue source codes. (Refer to Subsection 85.95.60.d for an illustrative entry.)

85.90.60.c Agencies are to establish procedures to ensure timely, accurate, and cost effective payment of obligations to agencies.

Special attention by all agencies is to be given to the following:

Due Dates - Dates for payments are established by the terms of contracts between the state agencies. If the contract is silent concerning terms or there is no written contract, the terms are net 30 days. The 30 days, or other terms, begin upon receipt of the goods or services or a properly completed invoice, **whichever is later**. Agency payments are to be made by the due date.

Combined Payments - The number of payments to an agency are to be kept to a minimum by processing the maximum number of invoices with a single payment.

Partial Payments - When agencies accept partial delivery of goods or services without reservation, prompt payment is to be made for the goods or services received upon receipt from the agency of a properly completed invoice or in accordance with contract terms covering the partial delivery.

Disputes - Prompt and proper notification to an agency of receipt of unsatisfactory goods or services or an incorrect invoice defers the due date. The due date is recalculated from the date the problem is corrected. Proper authorization is required when material changes are made.

Records - Billings are to reflect the cost of labor, material and overhead. Records are to be maintained by the vendor agency that provides complete cost billing information and also an audit trail for post auditing. Source documentation should be made available, upon request, for review by the billed agency.

Payment Dates - Payment is made after the goods or services are received. Interagency transactions, like regular transactions, are to be paid on the date specified in the applicable contract documents or, if no date is specified, within 30 days of receipt of a properly completed invoice or receipt of goods or services, whichever is later. Transactions between Treasury and/or Treasury Trust Accounts are to be made by Journal Voucher (A7-A) (RCW 39.34.140). Transactions between non-treasury type accounts are to be made by check, or other methods acceptable to the agencies involved.

When problems arise with the collection of interagency receivables, agencies are to follow the steps in Subsection 85.90.40.d.

Vendor agencies are not to request or require advances from receiving agencies unless the advance was approved in writing by the OFM Director or authorized designee (RCW 39.34.150).

Refer to Section 90.20 for additional requirements applicable to fiscal year end cutoff.

Refer to Subsections 85.90.30 and 85.90.50 for discussion of interfund services provided and used and transfers.

85.90.70

July 1, 2001

Agency vendor payment revolving account charges

- 85.90.70.a Account 720 "Agency Vendor Payment Revolving Account" may be used by agencies (RCW 42.26), with the approval of OFM, for the payment of goods or services which are payable from monies other than those maintained in the Office of the State Treasurer.
- 85.90.70.b Use of Account 720 by agencies is to be authorized in writing by the Director of OFM or authorized designee.
- 85.90.70.c Amounts disbursed from Account 720 must be from amounts previously deposited by the agency using the account. These deposits must be from **local accounts** which are properly chargeable with the disbursement. **Amounts to cover disbursements must be deposited prior to actual disbursement.** (Refer to Subsection 85.95.70 for illustrative entries.)
- 85.90.70.d All amounts accruing to Account 720 as a result of the cancellation of warrants are to be re-deposited in the agency's appropriate local account.
- 85.90.70.e Only the following accounts are to be maintained in the general ledger of Account 720: GL Codes 4310 "Current Treasury Cash Activity (OST Only)," 4325 "Beginning Treasury Cash Balance - Agency Funds," 5199 "Other Liabilities - Short-Term," and the 71XX "In-Process" Series. Subsidiary ledgers are not required. (Refer to Subsection 85.95.70 for illustrative entries.)